



Results DNB Group

First quarter 2019

Rune Bjerke (CEO)

Kjerstin Braathen (CFO)

Q1

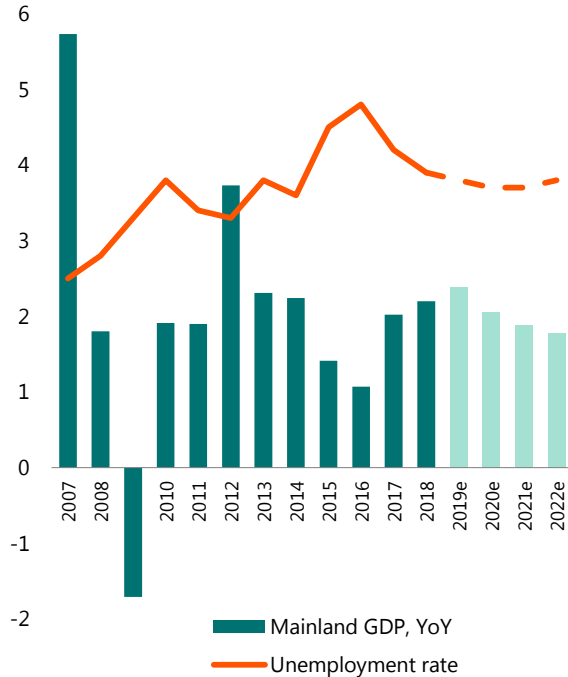
DNB

3 May 2019

Positive macroeconomic development in Norway

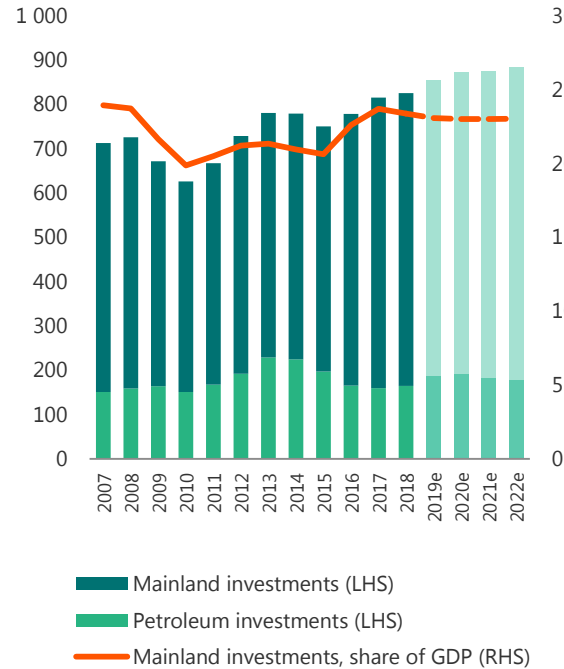
Mainland GDP and unemployment rate

Per cent



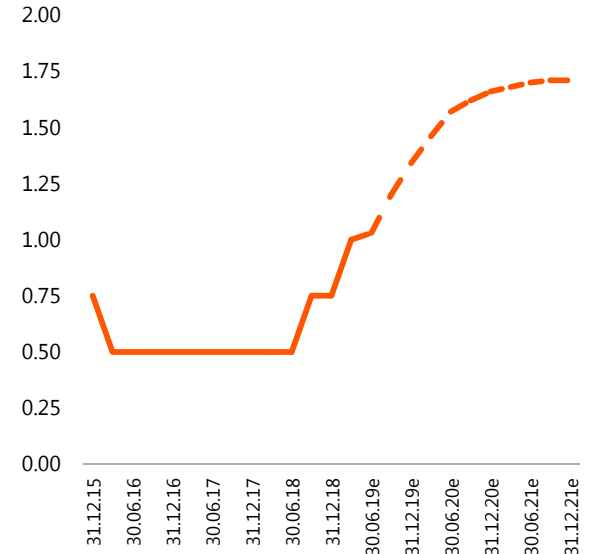
Investments in Norway

NOK bn (constant 2016 prices), share of GDP in per cent

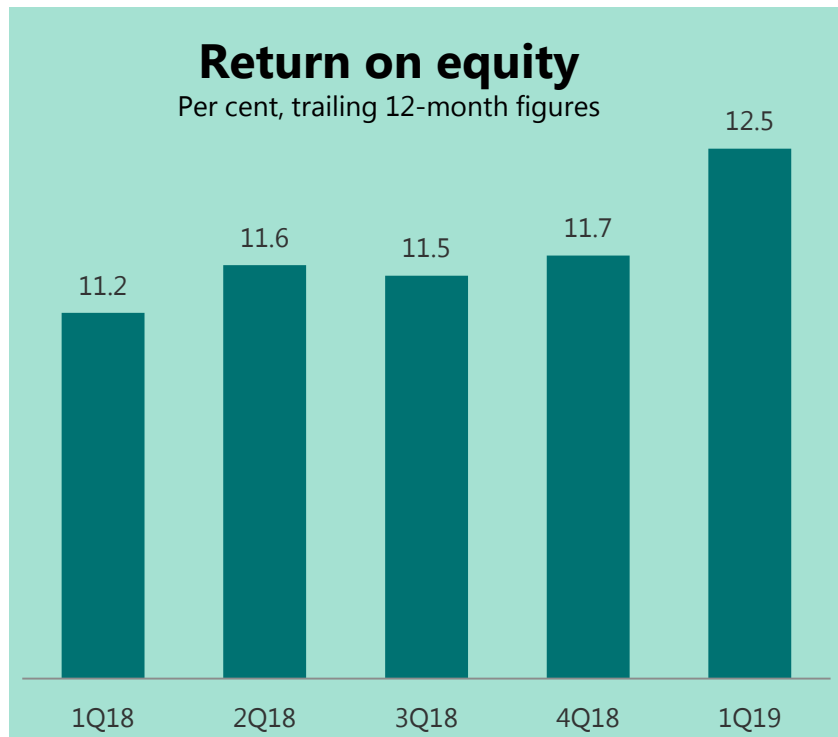


Key policy rate

Per cent



Strong first quarter



Return on equity of 14.1 per cent in 1Q19

Affected by gains from sale of DNB Forsikring and establishment of a non-life insurance company (Fremtind)

Healthy growth in loans to customers

Loans to customer up 1.6 per cent from end of 4Q18, driven by strong Norwegian macroeconomic conditions

Sound increase in commissions and fees

Up 4.9 per cent from 1Q18, mainly driven by Investment Banking Services

CET1 ratio of 16.4 per cent

Solid ratio despite negative effect from investment in Fremtind

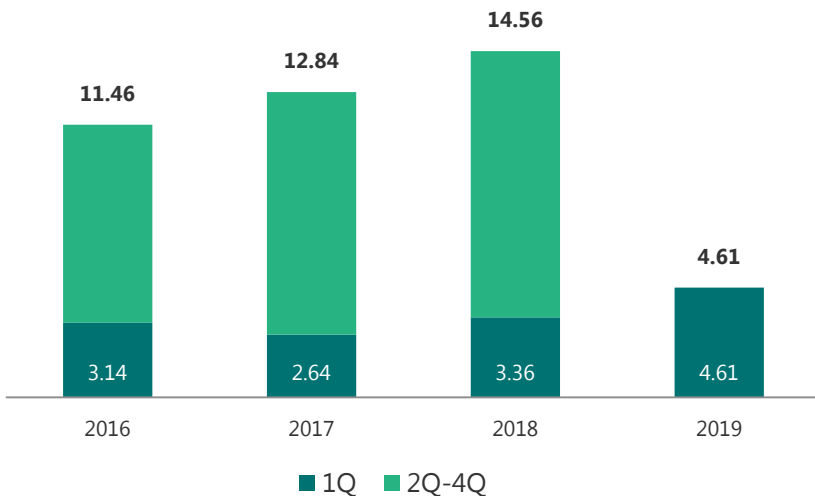
Earnings per share of NOK 4.61

Up from NOK 3.36 in 1Q18

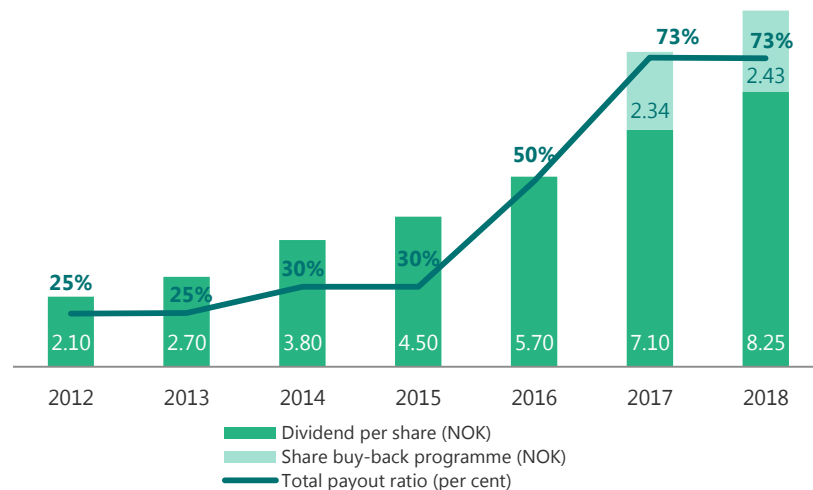
Increased earnings per share – further strengthened by share repurchases

- Share buy-back programme contributed to a 37.2 per cent increase in earnings per share, while net profit grew by 34.1 per cent from 1Q18 to 1Q19
- Delivering on dividend policy

Earnings per share NOK



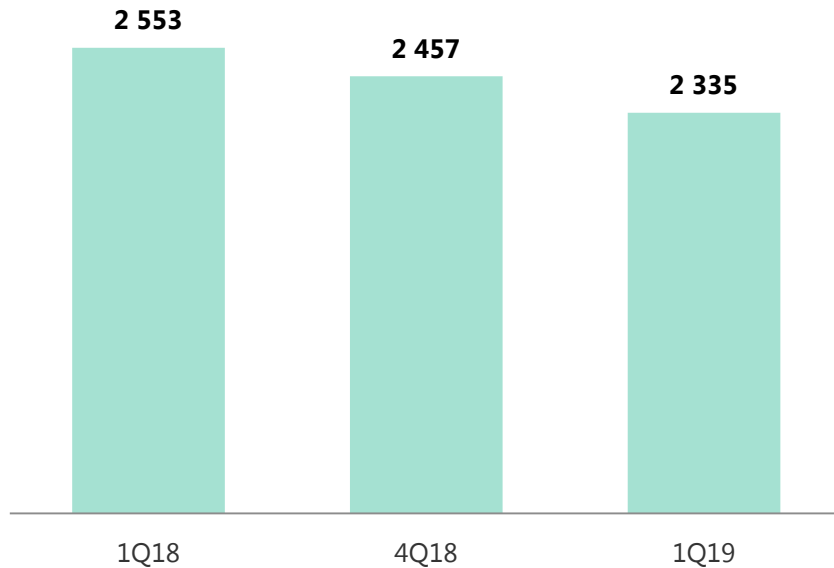
Dividend per share and payout ratio



Personal customers – steady growth in loans to customers

Pre-tax operating profit

NOK million

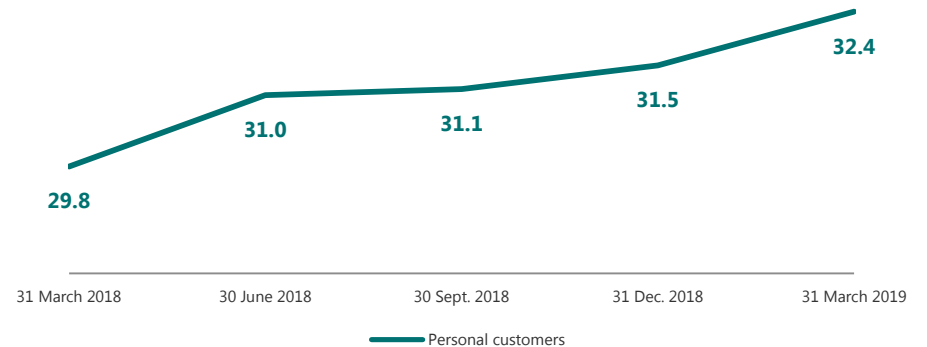


Financial highlights

- Pre-tax operating profit negatively affected by increase in NOK money market rates, lag in repricing and fewer interest days
- Growth in loans to customers of 0.8 per cent from 4Q18
- More than 50 per cent market share of new mutual fund investments in 1Q
- Successfully implemented a second interest rate hike, with effect as of 8 May

Mutual funds in Norway – development in market share

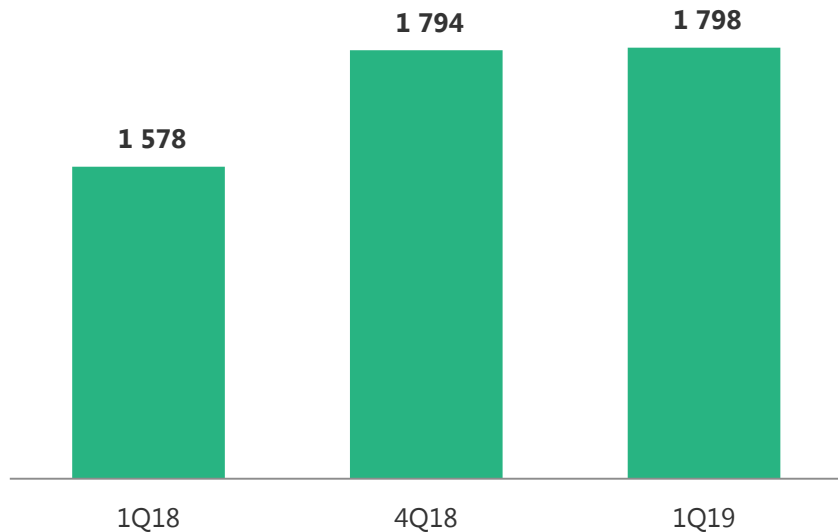
Per cent



Small and medium-sized enterprises – profitable growth continues

Pre-tax operating profit

NOK million

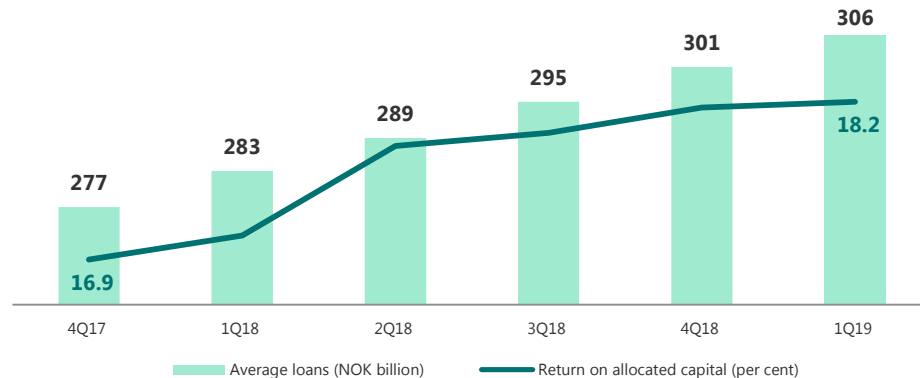


Financial highlights

- Stable pre-tax operating profit compared to 4Q18
- Net interest income up 1.2 per cent from 4Q18, despite fewer interest days
- Strong increase in other operating income, up 10.8 per cent from 4Q18, driven by high activity within investment banking services

Loans to customers and return on allocated capital

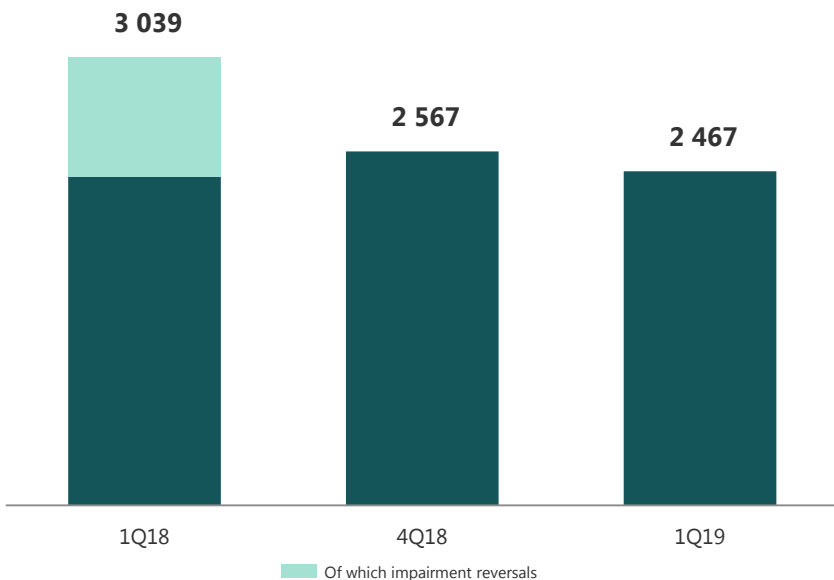
– trailing 12-month figures



Large corporates and international customers – solid performance

Pre-tax operating profit

NOK million



1) Excluding the Baltics.

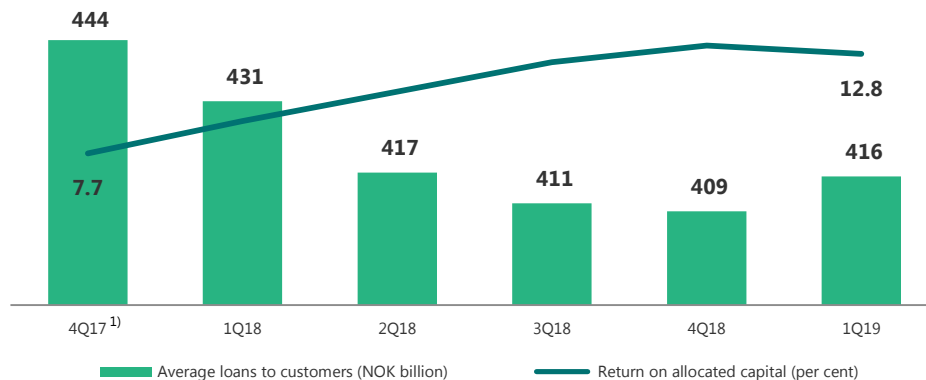


Financial highlights

- Pre-tax operating profit down 3.9 per cent from 4Q18
- Net interest income down 2.8 per cent, affected by fewer interest days and increased resolution fund levy (NOK 94 million)
- Reduction in pre-tax operating profit from 1Q18 due to reversals of impairment of NOK 598 million in 1Q18

Loans to customers and return on allocated capital

– trailing 12-month figures

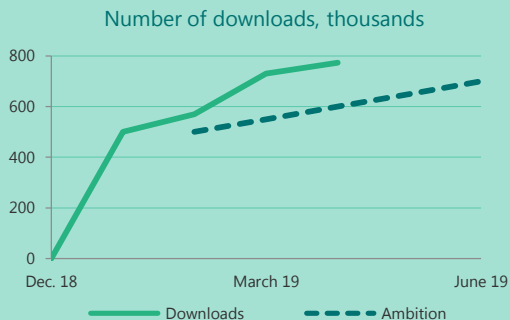


High adoption rate of new, cloud-based digital solutions

– investments paying off

The mobile bank

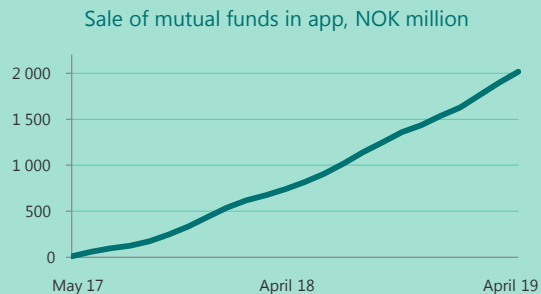
New mobile bank for personal customers



- 773 000 users
- 600 000 daily visits
- 1 000 000 daily balance checks

Spare

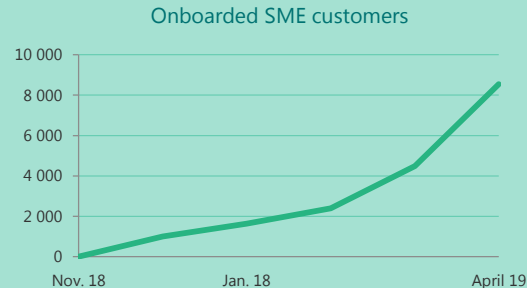
Savings and investment app



- 320 000 downloads
- NOK 2 billion in sale of mutual funds
- 30 per cent of DNB's sale of mutual funds through the app

DNB Puls

Digital SME customer interface



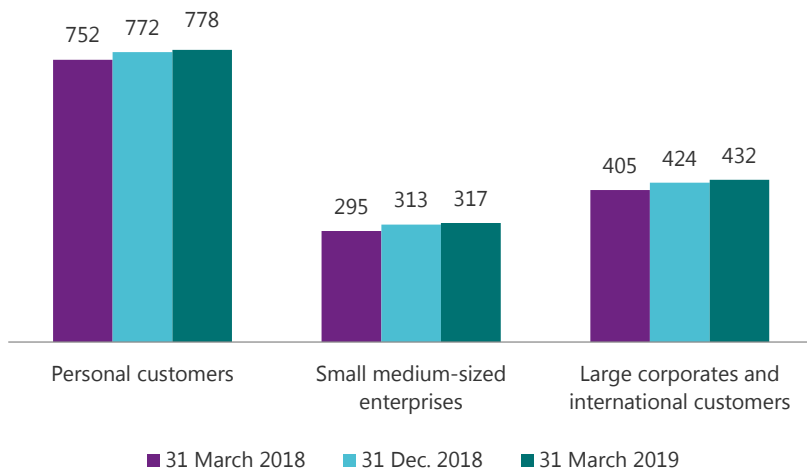
- 8 750 CEOs/CFOs onboarded
- 4.3/5 stars in App Store
- 1 000 daily digital customer interactions

Solid growth in all customer segments

- Loans to customers in the customer segments increased by 1.2 per cent in 1Q19, 1.6 per cent currency adjusted
- Average deposits were stable in the period
- Annual increase in loans to customers anticipated to be 3–4 per cent

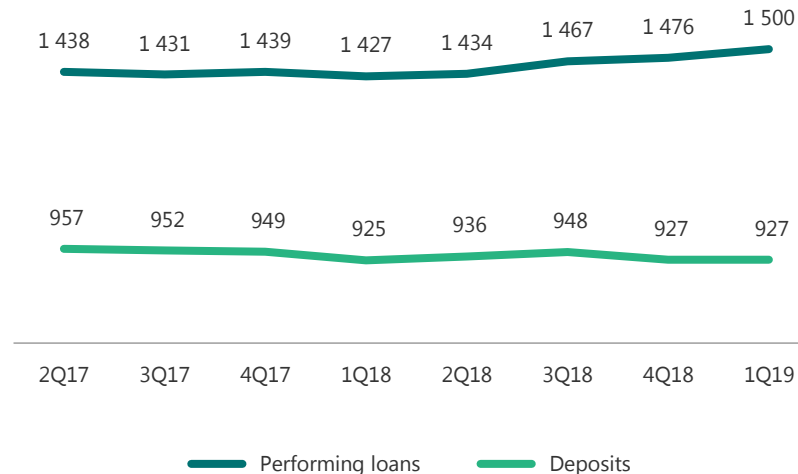
Loans per customer segment

NOK billion



Average loans and deposits in the customer segments ¹⁾

NOK billion

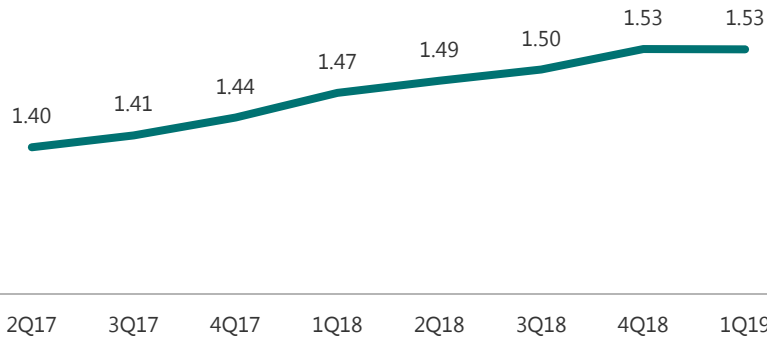


1) Excluding the Baltics.

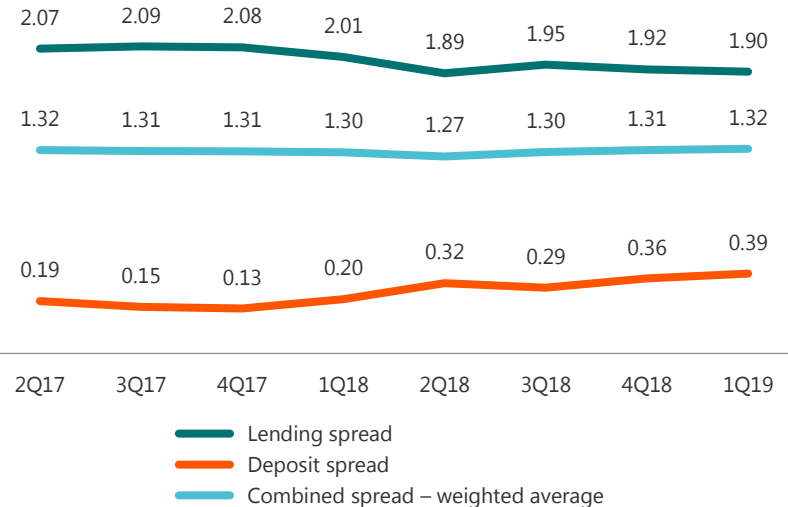
Further positive effects on net interest margin

- Further positive effect on net interest margin from repricing in the SME and Personal customers portfolios offset by the new resolution fund levy
- Stable development in combined spreads

Net interest margin ¹⁾
Per cent, trailing 12-month figures



Spreads in customer segments
Per cent

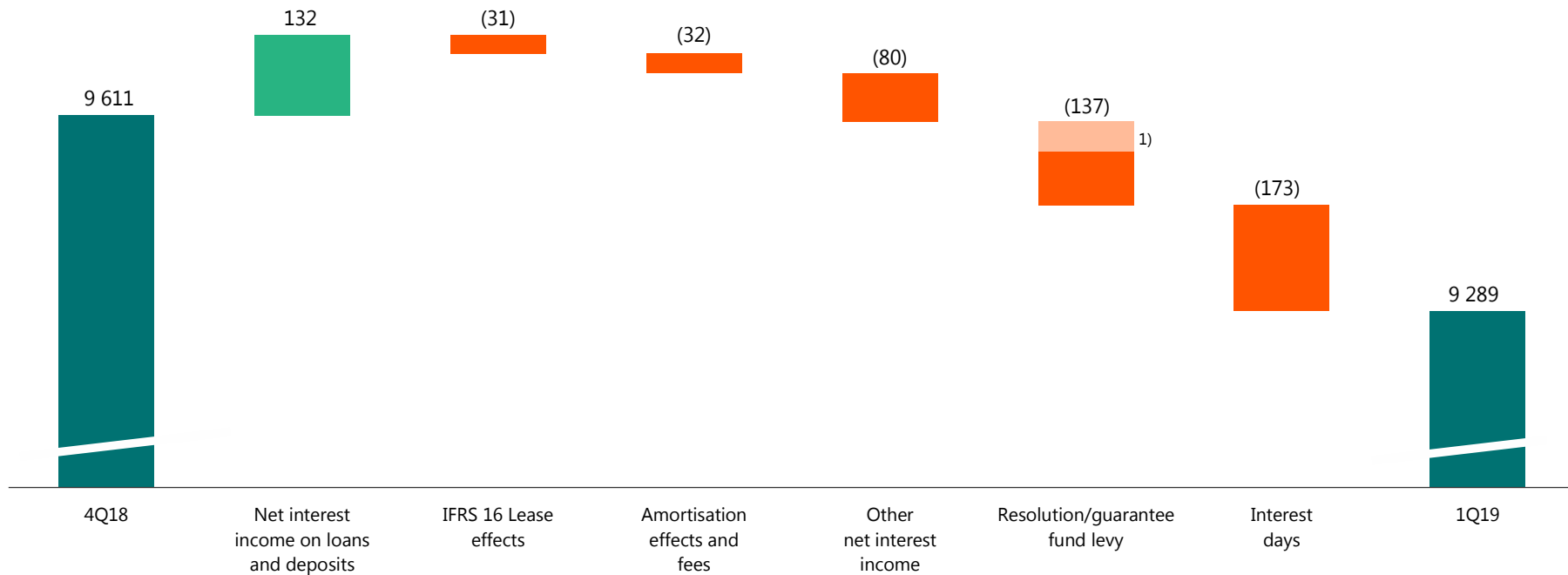


1) Total net interest income relative to average loans and deposits in the customer segments.

Continued profitable growth and further positive effect from repricing

Net interest income from 4Q18 to 1Q19

NOK million

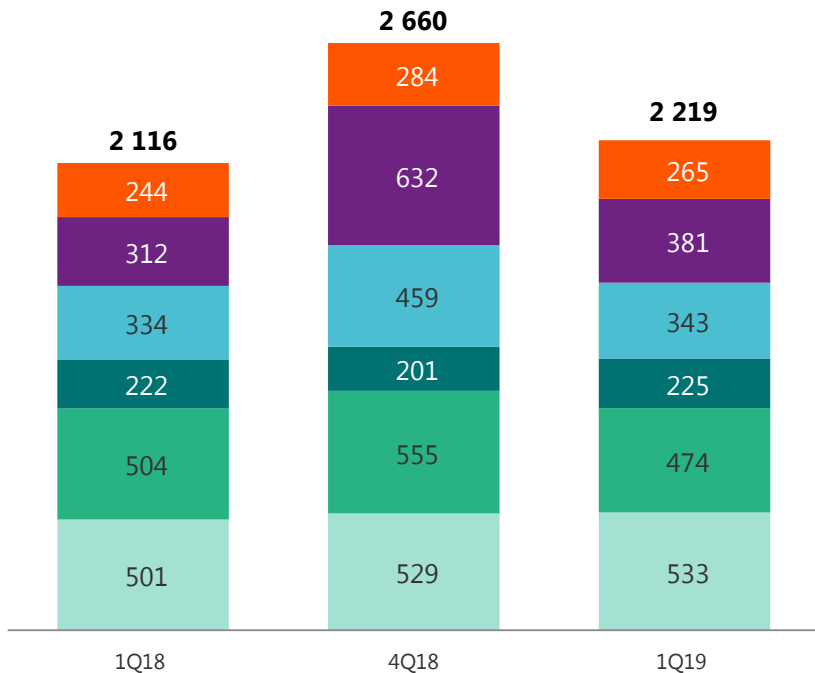


1) NOK 49 million related to Poland. Full year accounted for in 1Q19.

Income from capital-light products up 4.9 per cent from 1Q18

Commissions and fees

NOK million



● Real estate broking

High activity within residential real estate broking

● Investment banking services

22.1 per cent improvement, mainly driven by equity capital markets

● Asset management and custodial services

6.3 per cent growth in assets under management

● Guarantee commissions

Stable underlying development

● Money transfer and banking services

Stable underlying performance, 1Q18 affected by reclassifications and one-offs

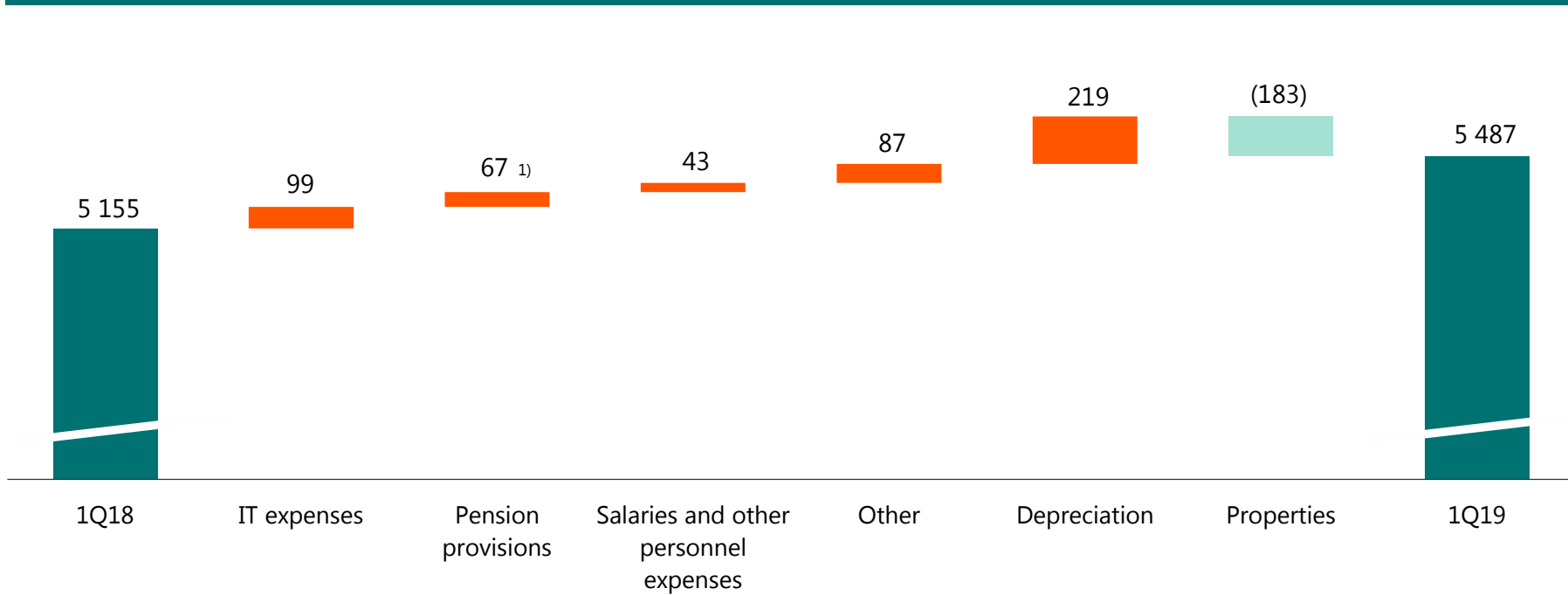
● Sale of insurance products

Increase from sales of non-life insurance products (Fremtind) of NOK 25 million, expecting a positive development in the coming quarters

Costs impacted by higher activity and market valuation of pension commitments

Operating expenses from 1Q18 to 1Q19

NOK million



1) Related to the closed defined benefit scheme programme, which is sensitive to market conditions.

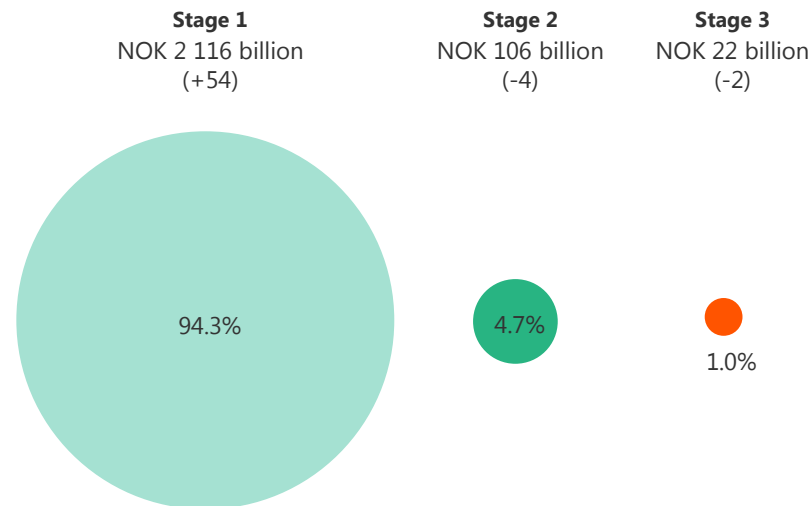
Stable credit quality and macro outlook for the total portfolio

Impairment of financial instruments per customer segment

Amounts in NOK million

	1Q19	4Q18	1Q18
Personal customers	(101)	(89)	(53)
Small and medium-sized enterprises	(176)	(101)	(215)
Large corporates and international customers	(39)	(45)	598
Total	(316)	(235)	330

Maximum exposure (on- and off-balance sheet items), net of accumulated impairment

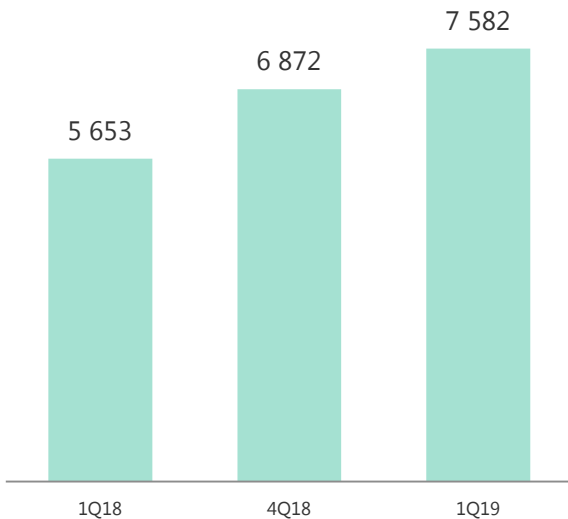


Strong development in key figures

- Profit for the period up 34.1 per cent from 1Q18
- Cost/income ratio improved
- Profit for the period and return on equity positively affected by gains

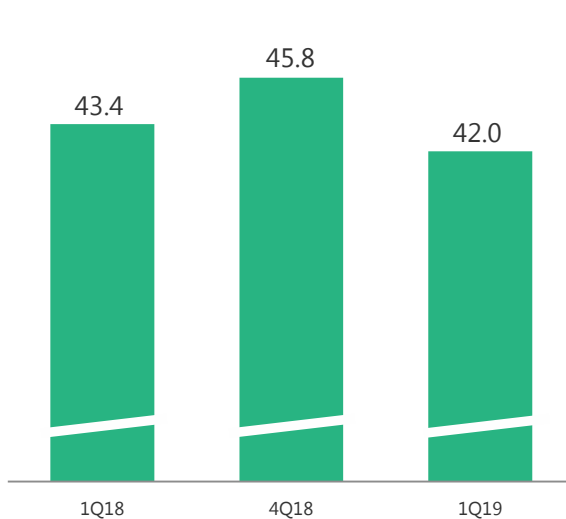
Profit for the period

NOK million



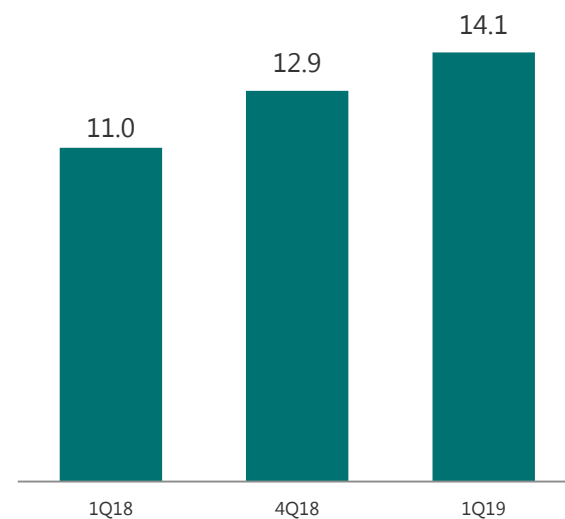
Cost/income ratio

Per cent



Return on equity

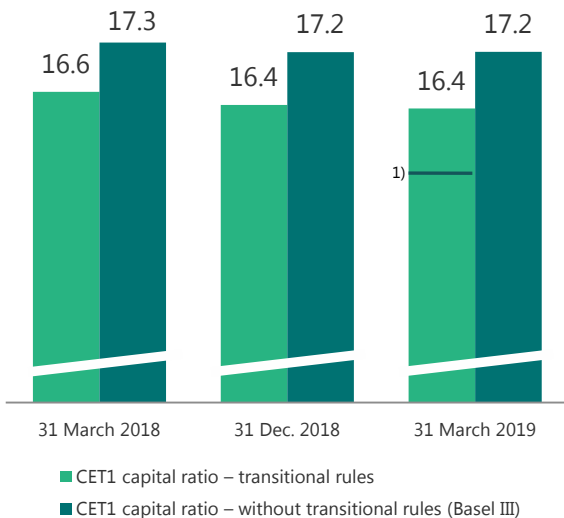
Per cent



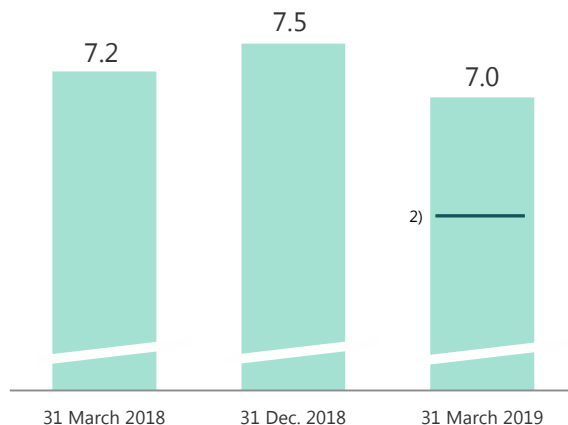
Solid capital position after years of building capital

- CET1 capital ratio stable, despite negative net effects related to the investment in Fremtind
- Norwegian Ministry of Finance has confirmed removal of the Basel I transitional floor within the end of the year
- Closing down of Luminor and second phase of investment in Fremtind delayed as a consequence of pending regulatory approval processes

CET1 capital ratio Per cent



Leverage ratio Per cent



CET1 ratio effects in 2019

Actual effects in 1Q19:

- Dividend life insurance **+13 bps**
- Net effects Fremtind **-29 bps**
- IFRS 16 Lease **-7 bps**
- Other quarterly effects **+18 bps**

Strategic investments expected in 2H19:

- Luminor **~ +30 bps**
- Personal risk products (Fremtind) **~ -10 bps**

1) CET1 capital ratio requirement of 15.4 per cent. Management buffer of about 1 per cent.

2) Leverage ratio requirement of 6.0 per cent.

APPENDIX

Helping authorities combat financial crime is at the top of the management's agenda

Commitment to compliance excellence

- DNB uses a considerable amount of resources on supporting authorities in the fight against financial crime
- Anti-money laundering is high on the agenda at all levels of our organisation, and a regular topic in management meetings and board meetings
- The fight against money laundering is a fight against criminal networks constantly developing new methods
- Combatting financial crime is complex work, and the regulatory frameworks banks must comply with have changed over time – no bank can ever guarantee that suspicious transactions that should have been examined more carefully do not exist
- Our systems and procedures detect a large number of cases that are further investigated and reported to the authorities each year, DNB is working continuously to develop and improve our systems and analyses
- All information gathered from regulators and other institutions strengthens the ability to detect suspicious transactions and subsequently report these to authorities

Luminor – a joint venture with Nordea – has shown strong commitment towards compliance and anti-money laundering in the Baltics

Strong focus on AML in the Baltics

- 43.5 per cent ownership in Luminor, a joint venture with Nordea, Blackstone is to acquire 80 per cent of Luminor
- DNB's strategy in the Baltics has been to serve the local personal customers and SME segments – non-resident customers (outside EEA) have been out of scope
- Two due diligence processes completed in the last 18 months, in connection with:
 1. The merger between Nordea's and DNB's Baltic units
 2. The sale to Blackstone
- Luminor has not been subject to AML sanctions or regulatory fines
- In our experience, Luminor has shown a strong commitment towards detecting and reporting suspicious transactions.



Shareholder distribution

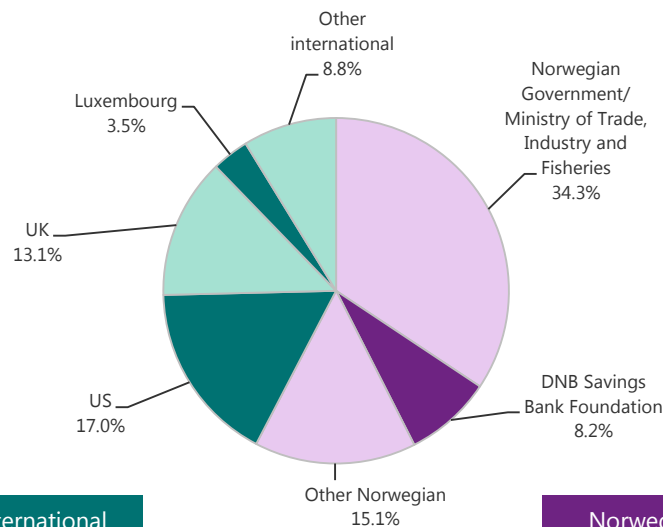
Top 20 shareholders

As at 31 March 2019

	Shares (1 000)	Ownership (per cent)	Quarterly change in shares (1 000)
Norwegian Government/ Ministry of Trade, Industry and Fisheries ¹⁾	545 485	34.3	-
DNB Savings Bank Foundation	130 001	8.2	-
Folketrygdfondet ²⁾	96 989	6.1	(695)
The Vanguard Group, Inc.	30 374	1.9	363
BlackRock Institutional Trust Company, N.A.	30 234	1.9	420
Fidelity International	27 203	1.7	(3 477)
DWS Investment GmbH	25 654	1.6	865
Schroder Investment Management Ltd. (SIM)	20 088	1.3	(365)
Capital World Investors	18 714	1.2	113
Storebrand Kapitalforvaltning AS	16 712	1.1	229
T. Rowe Price Associates, Inc.	16 193	1.0	(283)
Davis Selected Advisers, L.P.	14 547	0.9	(326)
KLP Forsikring	14 424	0.9	20
Nordea Funds Oy	12 656	0.8	228
DNB Asset Management AS	12 516	0.8	(187)
SAFE Investment Company Limited	12 248	0.8	-
State Street Global Advisors (US)	12 246	0.8	166
Newton Investment Management Ltd.	10 767	0.7	(272)
Danske Capital (Norway)	10 204	0.6	533
Polaris Capital Management, LLC	10 088	0.6	759
Total largest shareholders	1 067 342	67.2	(1 908)
Other shareholders	521 142	32.8	(18 142)
Total	1 588 484	100.0	(20 049)

Ownership according to nationality

As at 31 March 2019



International investors: 42%

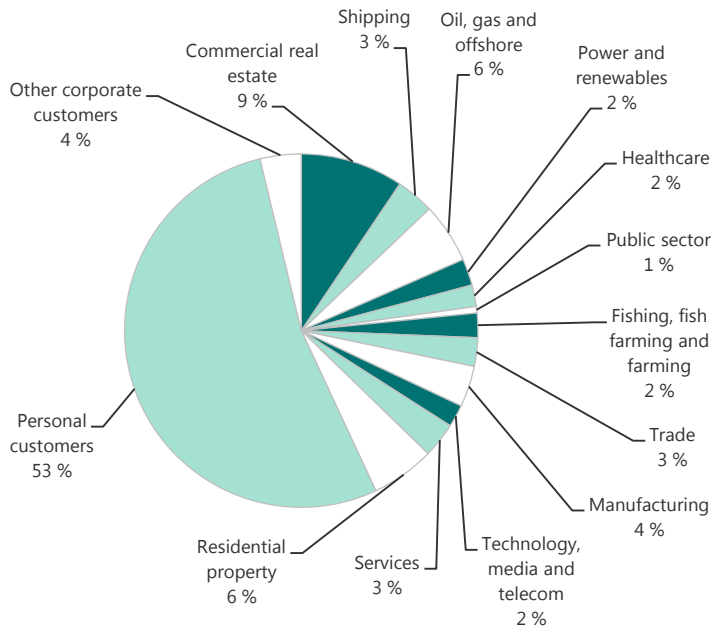
Norwegian investors: 58%

- 1) A share buy-back programme of 1.5 per cent of DNB's outstanding shares was initiated in June 2018 and completed during the first quarter of 2019. The Annual General Meeting held on 30 April 2019 adopted a resolution to reduce the Group's share capital by cancelling own shares and redeeming a proportionate number of shares held by the Norwegian government. The cancellation and redemption of shares is expected to be completed in the second or third quarter of 2019.
- 2) Folketrygdfondet's ownership fluctuates due to lending of shares.

DNB portfolio and income split

Distribution of exposure at default by industry segment

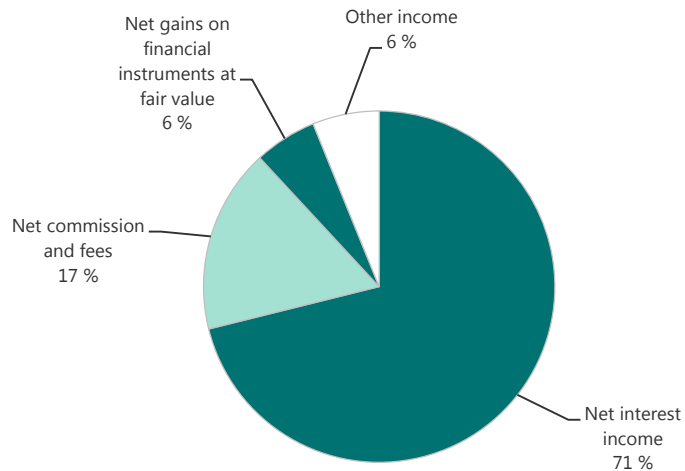
31 March 2019



Around 80 per cent from Norwegian units

Total income split

1Q19



DISCLAIMER

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this presentation may include forward-looking statements, such as statements of future expectations. These statements are based on the management's current views and assumptions, and involve both known and unknown risks and uncertainties.

Although DNB believes that the expectations reflected in any such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/or foreign governments, or supranational entities.

DNB assumes no obligation to update any forward-looking statement.

This presentation contains alternative performance measures, or non-IFRS financial measures. Definitions and calculations are presented in our quarterly reports.



Results DNB Group

First quarter 2019

**We are here.
So you can stay
ahead.**

DNB